

## REVOLVING CREDIT AGREEMENT

THIS REVOLVING CREDIT AGREEMENT (this "Agreement") is made and entered into as of \_\_\_\_\_, 2022, by and between COUNTY OF YOLO (the "County"), a political subdivision of the State of California, and the VALLEY CLEAN ENERGY ALLIANCE ("VCEA"), a joint exercise of powers authority established pursuant to the Joint Exercise of Powers Act of the State of California (California Government Code Section 6500 et seq.).

### RECITALS

A. VCEA's Financial Reserve Policy, adopted December 14, 2017, targets an operating reserve account minimum balance of 30 days operating expenses.

B. In order to maintain this policy minimum reserve, VCEA has requested the County provide a \$5,000,000 revolving line of credit to finance VCEA's operating cost shortfalls.

B. County is willing to provide such financing upon the terms and subject to the conditions hereinafter set forth.

NOW, THEREFORE, County and VCEA agree as follows:

1. Agreement to Make Loans. Subject to the terms and conditions set forth below, the County agrees to lend to VCEA the sum of \$5,000,000 (the "\$5M Loan") for VCEA's 2022 operating cost requirements as needed to be evidenced by a promissory note in the form attached hereto as Exhibit A..

2. Security for Loan. To secure the performance of VCEA hereunder and the payment of all amounts due or to become due to the County, VCEA hereby grants, pledges, transfers and assigns to the County, its right, title and interest in VCEA's net revenues consisting of electric utility customer charges.

3. Use of Loan Proceeds. The \$5M Loan shall be used for VCEA's annual operating cost shortfalls. VCEA agrees to use the proceeds of the loans for the foregoing purposes and for no other purposes.

4. Interest on Outstanding Amount of Loan. Simple interest shall accrue on outstanding amounts of the Loan at a variable interest rate equal to Yolo County Treasury Pool Quarterly Earning Rate plus 1.50% (1.99% as of December 31, 2021).

5. Conditions to Loans. County shall make the Loan proceeds available provided that County receives the organizational copies of documents of VCEA and a copy of resolutions of VCEA authorizing the transactions and net revenues pledge described herein.

6. Revolving Credit; Loan Disbursements. County shall have no obligation to make advances of loan proceeds after the earlier of: (i) December 31, 2022; or (ii) the occurrence of an Event of Default (as defined in Section 10 below). Sums borrowed under the

loans that are repaid by VCEA may be re-borrowed (i.e., each loan is a revolving credit agreement) subject to a maximum draw of one per month, but disbursements of each draw are subject to VCEA's giving to County a written request for disbursement at least five business days' prior to the requested disbursement date in substantially the form attached hereto as Exhibit B and any additional documentation reasonably and promptly requested by County in writing.

7. Covenants, Warranties and Representations. VCEA makes the following covenants, representations and warranties as of the date of this Agreement:

(a) VCEA shall pay to County all principal and interest outstanding on the \$5M Loan on or before the later of: (i) on or before December 31, 2022, or (ii) the date that is 30 days after County delivers a bill to VCEA describing the amount of the interest to be paid and the calculation thereof.

(b) VCEA has the right and power to enter into and has duly authorized the transactions and documents described herein.

(c) This Agreement, and any other documents evidencing, securing or otherwise relating to the loan that are executed by VCEA, constitute legal, valid and binding obligations of VCEA which are enforceable in accordance with their terms.

(d) Except as disclosed to County in writing: (A) VCEA has never defaulted under: (i) any promissory notes of the same general nature as the Note, or (ii) any of its bonds, leases or other obligations and (B) VCEA has never asserted a right to avoid liability under a lease by non-appropriation (excluding conditions precedent requiring appropriation) as a condition to the effectiveness of an obligation.

(f) To the fullest extent permitted by law, VCEA shall fix, prescribe, revise, and collect electric utility rates, fees and charges sufficient to repay the outstanding amounts under the \$5M Loan and any accrued interest by December 31, 2022.

8. Prepayment. VCEA may prepay its draws under the Line of Credit without penalty at any time, in whole or in part upon three (3) business days' written notice to the County. Prepayments shall be applied first to interest and then to principal. VCEA shall be entitled to reborrow any principal amounts under the Line of Credit that are paid, subject to the borrowing availability terms set forth in this Agreement.

9. County Reports/Statement. County shall keep an accounting of the indebtedness of VCEA resulting from draws under the Line of Credit. County shall, within five (5) business days after receipt of a written request from VCEA, provide written statements to VCEA of the outstanding balances under the \$5M Loan and a description of any defaults or Events of Default by VCEA of which County then has knowledge or notice.

10. Default; Events of Default. An "Event of Default" by VCEA shall be deemed to have occurred hereunder and under the Notes if: (i) VCEA fails to pay any monetary obligation of VCEA to County when due; or (ii) VCEA fails to perform any non-monetary obligation of VCEA to County when performance is due, and VCEA fails to cure such default

within 15 calendar days after written notice from County of such default (provided that if the default is such that more than 15 calendar days is required for its cure, no Event of Default shall have occurred unless VCEA fails to commence the cure within such 15 day period or thereafter fails to reasonably prosecute the cure to completion). If such an Event of Default by VCEA occurs, all sums disbursed or advanced by the County shall, at the option of County, immediately become due and payable, and County shall not be obligated to make future disbursements of loan proceeds to VCEA.

11. Late Charge; Default Interest Rate. In addition to the default provisions of Section 10, if VCEA fails to pay any payment due within 15 calendar days after the date it is due, a late charge of the greater of \$100 or 5% of the late payment amount will be charged to the Loan unless the late charge is waived by the County due to good cause. If VCEA still has not paid any payment due 30 calendar days after the date it is due, interest on the outstanding balance, including late charges, shall accrue interest at an annualized rate of 10 % per annum, which shall be calculated from the due date until such amounts are paid off in full.

12. Independent Contractor. Nothing contained in this Agreement is intended to, or shall be construed in any manner, as creating or establishing a partnership, joint venture or relationship of employer/employee or principal/agent between the parties.

13. Notices. All notices and demands shall be given in writing by certified mail, postage prepaid, and return receipt requested, by personal delivery or by overnight delivery service. Notices shall be considered given upon the earlier of (a) personal delivery; (b) two (2) business days following deposit in the United States mail, postage prepaid, certified or registered, return receipt requested; or (c) one (1) business day following deposit with an overnight courier. Notices shall be addressed as provided below for the respective party; provided that if any party gives notice in writing of a change of name or address, notices to such party shall thereafter be given as demanded in that notice:

**VCEA:** Valley Clean Energy Alliance  
604 2nd Street  
Davis, CA 95616  
Attn: Mitch Sears

**County:** County of Yolo  
Department of Financial Services  
625 Court Street, Room 102  
Attn: Chief Financial Officer

14. Nonliability of VCEA Officials and Employees. No member, official or employee of either party shall be personally liable to the other party or its successors in interest in the event of any default or breach or for any amount which may become due.

15. No Third Party Beneficiaries. This Agreement is made for the sole benefit of County and VCEA and their respective permitted successors and assigns, and no other person or persons shall have any right of action hereon, nor should any laborer, materialman, subcontractor, or other third party rely upon the loans as a source of payment for work done or

labor and/or materials supplied in respect to the improvements contemplated hereunder or otherwise, notwithstanding any representation to the contrary made by VCEA, contractor or any other person.

16. Miscellaneous / General Provisions. Time is of the essence of this Agreement and of each and every provision hereof. The waiver by either party of any breach or default herein shall not be deemed, nor shall it constitute, a waiver of any subsequent breach or breaches. Any failure or delay by either party in asserting any of its rights or remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies or deprive it of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies. This Agreement, together with all exhibits hereto, constitutes the entire agreement between the parties hereto, and there shall be no other agreement regarding the subject matter hereof unless signed in writing by County and VCEA.

17. No Assignment. VCEA shall not assign any of its rights under this Agreement.

18. Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Agreement should default under any of the provisions hereof and the nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party contained herein, the defaulting party agrees that it will pay on demand to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party.

IN WITNESS WHEREOF, the parties hereto have entered into this Revolving Loan Agreement as of the day and year first above written.

COUNTY OF YOLO

VALLEY CLEAN ENERGY ALLIANCE

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT A**

**REVOLVING CREDIT PROMISSORY NOTE**

**\$5,000,000.00**

Date:

FOR VALUE RECEIVED, **VALLEY CLEAN ENERGY ALLIANCE**, a public agency formed under the provisions of the Joint Exercise of Powers Act of the State of California, Government Code Section 6500 et seq. (“*Borrower*”), promises to pay to the order of **COUNTY OF YOLO** (“*Lender*”) the principal sum of FIVE MILLION and /100 DOLLARS (\$5,000,000.00), pursuant to the terms of that certain Revolving Credit Agreement (the “*Credit Agreement*”) dated as of \_\_\_, 2022, between Borrower and Lender, together with interest thereon as provided herein and therein. All payments under this Revolving Credit Promissory Note (this “*Note*”) shall be made to Lender at its address specified in the Credit Agreement, or at such other place as the holder of this Note may from time to time designate in writing, in accordance with the terms of this Note and the Credit Agreement. Capitalized terms used but not defined in this Note shall have the definitions provided in the Credit Agreement.

Interest and Payment Terms. Simple interest shall accrue on outstanding amounts of this Note at a variable interest rate equal to Yolo County Treasury Pool Quarterly Earning Rate plus 1.50% (1.99% as of December 31, 2021). VCEA shall pay to County all outstanding principal and interest on this Note on or before the later of: (i) on or before December 31, 2022, or (ii) the date that is 30 days after County delivers a bill to VCEA describing the amount of the interest to be paid and the calculation thereof.

Default and Acceleration. Upon the occurrence of any Event of Default described in Section 10 of the Credit Agreement, Lender may exercise any or all of the rights and remedies set forth therein, including the exercise of Lender’s option to accelerate this Note and declare all advances and all indebtedness under this Note then outstanding to be immediately due and payable, with notice to Borrower.

Miscellaneous. This Note and the holder hereof are entitled to all of the rights benefits provided for in the Credit Agreement. All of the terms, covenants and conditions contained in the Credit Agreement are hereby made part of this Note to the same extent and with the same force as if they were fully set forth herein. In the event of a conflict or inconsistency between the terms of this Note and the Credit Agreement, the terms and provisions of the Credit Agreement shall control.

This Note may not be modified, amended, waived, extended, changed, discharged or terminated orally or by any act or failure to act on the part of Borrower or Lender, but only by an agreement in writing signed by the party against whom enforcement of any modification, amendment, waiver, extension, change, discharge or termination is sought.

This Note will be construed in accordance with, and governed by, the internal laws of the State of California.

Borrower promises to pay all costs and expenses (including reasonable attorneys' fees and expert witnesses' fees) suffered or incurred by Lender or subsequent holder of this Note in the collection of this Note or the enforcement Lender's rights and remedies under the Credit Agreement.

Borrower hereby waives presentment for payment and demand. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forego enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive any applicable statute of limitations, presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) the obligations evidenced by this Note or release any party or guarantor or collateral, or impair, fail to realize upon or perfect Lender's security interest in the collateral, if any; and take any other action deemed necessary by Lender without the consent of or notice to anyone.

**Prior to signing this Note, Borrower read and understood all the provisions of this Note and the Credit Agreement, including the variable interest rate provisions in the Credit Agreement. Borrower agrees to the terms of this Note and the Credit Agreement. Borrower acknowledges receipt of complete copies of this Note and the Credit Agreement.**

VALLEY CLEAN ENERGY ALLIANCE

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT B**

FORM OF DISBURSEMENT REQUEST

**VCEA/COUNTY LOAN DISBURSEMENT REQUEST**

County of Yolo  
County of Yolo  
Department of Financial Services  
625 Court Street, Room 102  
Attn: Chief Financial Officer

Re: Request for Disbursement of Loan Proceeds

Ladies and Gentleman;

The Valley Clean Energy Alliance (“VCEA”) requests that you disburse to the VCEA by wire transfer to:

Payee: Valley Clean Energy Alliance  
Bank:  
Routing#:  
Account#:

the sum of \$\_\_\_\_\_, being a portion of the loan evidenced by that certain \$\_\_\_\_\_ Promissory Note executed by the VCEA.

The VCEA hereby certifies that is has incurred operating costs in excess of the cash available to pay them, and that such loan funds will be sued to pay such operating cost shortfall.

Very Truly Yours,

VALLEY CLEAN ENERGY ALLIANCE

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: